

APPLICATIONS TO PURCHASE PRIOR SERVICE

[Application to Re-deposit Funds Withdrawn From a MA Public Sector Retirement System](#)

[Application to Purchase Prior Non-contributing MA Public Sector Service](#)

You must submit your completed application to the Retirement Office (you may also fax to 617-796-1098). Once processed, retirement office staff will forward you in writing, a determination if the buyback will be allowed and if so, the cost of your buyback along with payment options. In some cases you may be asked to provide salary information for prior employment outside the City of Newton.

INTEREST CHARGES ON CERTAIN SERVICE PURCHASES FOR RETIREMENT BENEFIT PURPOSES WILL DOUBLE ON APRIL 2, 2013

Chapter 176 of the Acts of 2011, "An Act Providing for Pension Reform and Benefit Modernization," included a provision which doubles the interest rate charged on purchases of temporary, provisional or substitute service rendered to a governmental unit outside of the Newton Retirement System, and on redeposits of previously withdrawn retirement deductions, from the buyback rate of 3.875% to the actuarial rate of 7.75%, if not purchased within a certain specified time.

The cost to purchase past service is generally based on what you would have paid in contributions during that period, plus interest to date. For a redeposit, the cost is what you previously paid into a retirement system and withdrew, plus interest to date. The difference between buyback interest and actuarial interest could be substantial.

This new legislation does not change eligibility to purchase prior service. If you were denied the ability to purchase prior service by the Newton Retirement System, that denial remains in effect.

- ***Members with an effective membership date PRIOR to April 2, 2012***, will be charged interest at the buyback rate of 3.875% if: (1) the service purchase application or redeposit application is received before April 2, 2013, and (2), the service purchase or redeposit is either paid in full, or the member commits to a written installment agreement before April 2, 2013, or the billing date, whichever date is later. Requests received on and after April 2, 2013 will be charged the actuarial rate of 7.75% interest.
- ***Members with an effective membership date AFTER April 2, 2012***, will be charged interest at the buyback rate of 3.875% if: (1) the service purchase application or redeposit application is received within one year of the membership date, and the service purchase or redeposit is either paid in full, or the member commits to a written installment agreement by the first anniversary of the date of membership, or the billing date, whichever date is later. Requests received on and after one year from the date of membership will be charged the actuarial rate of 7.75% interest.
- Purchases of prior non-contributing employment service rendered within the City of Newton, Newton Public Schools or Newton Housing Authority remain subject to the buyback interest rate (3.875%) and are not subject to the higher actuarial interest rate (7.75%).
- Members who have begun making installments on an existing buyback must commit to a written installment agreement before April 2, 2013 to avoid being assessed the higher actuarial interest rate (7.75%). **You must contact the retirement office to request a "Buyback Agreement Form".**
- Any member who defaults on their buyback agreement will be assessed the higher actuarial interest rate (7.75%).
- Military service buybacks are not impacted by this new legislation, however you may now purchase your military service through payroll deduction. Please contact the retirement office if you wish to begin payroll deductions.